

Press Release



The Impact of Data Localization Requirements on Commerce and Innovation

ALLISON EDWARDS | JUNE 16, 2020

The online sale of goods and services has become increasingly important to commerce, particularly during the pandemic. One potential threat to global online commerce and innovation is data localization laws — regulations that require data collected on a country’s citizen to be retained or processed in that country. In a new insight, AAF’s Director of Technology and Innovation Policy Jennifer Huddleston and former Director of Immigration and Trade Policy Jacqueline Varas examine the impacts of these laws on trade and innovation. These laws could have far-reaching implications in a variety of data-utilizing sectors, they conclude.

An excerpt:

Data localization laws place burdens on both trade and innovation. The economic costs of these burdens do not only fall on large players, but also on numerous small and medium-size firms that have benefited from the availability of global commerce and the internet. Even when considering more sensitive data such as financial or health information, such policies could limit innovative solutions, deter competition, and have unintended consequences on broader commerce.

[Read the analysis.](#)